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Workers in Gujarat, India, sorting HPS (hand-picked, selected) peanuts.

India's Vegetable Oil Output Up, But Imports Continue To Expand

By Abdullah A. Saleh

India is striving to supply its 640 million consumers with adequate food at affordable prices. Although India has dropped out of the world wheat import market because of bountiful foodgrain harvests in recent years, the country has become a substantial importer of vegetable oil. India's oilseed crop yields have been increasing slowly while population continues to expand rapidly, leaving a widening deficit in oilseeds to be filled by imports, which may reach 1.76 million tons by 1987.

Although India's estimated oilseed production and yields reflect some improvement over the previous year's disappointing totals, they are still far below the levels needed to ease the country's tight oilseed supply and demand situation.

And, because there is no prospect for short-run relief in the absence of breakthroughs in crop production or improvements in India's oil-extraction technology, the recent pattern of massive vegetable oil imports appears to be irreversible.

In the 1976/77 (November-October) marketing year, India imported about 770,000 metric tons of vegetable oil. With an average rabi (spring) crop estimated for this year, imports during 1977/78 are expected to be at least as large as in 1976/77.

Estimated 1977/78 production of India's major oilseed crops, with 1976/77 outturns in parentheses (in 1,000 tons): Peanuts, in shell, 5,500 (5,262); cottonseed, 2,400 (2,200); rape and mustard, 1,800 (1,562); sesame, 440 (404); safflower, 200 (217); niger seed, 150 (110); soybeans, 150 (120); castorbeans, 225 (215); flaxseed, 500 (431); and copra, 880 (862).

Unfavorable weather conditions during maturing of the 1977/78 peanut crop have marred prospects for an otherwise much larger crop.

In India, peanut oil is the premium vegetable oil. It is greatly preferred—especially in the western parts of the country—over other vegetable oils.

In the eastern areas of India, mustard oil is the preferred oil, with rapeseed oil the most acceptable substitute.

In the southern areas, sesameseed oil predominates, while niger seed oil is popular in parts of Andhra Pradesh, Bihar, Orissa, and Madhya Pradesh.

In 1976/77, shortfalls in production of major oilseed crops sent vegetable oil prices on the Indian market soaring. To meet the challenge of sharply rising demand, the Government began to finance massive imports of vegetable oils, drawing upon its accumulated foreign-exchange reserves.

Total edible oil production for 1977/78 is estimated at 2.4-2.7 million tons, while likely demand is 3.3 million tons (based on 5.1 kg per capita consumption). The deficit—ignoring changes in stocks—thus is in the range of 600,000 to 900,000 tons.

Imports during 1977/78 could reach 800,000 tons—about 550,000 tons through the State Trading Corporation (STC) and the remainder through the trade.

Of these oil imports, about 400,000-450,000 tons would be used for vanaspate (hydrogenated vegetable oil) manufacturing and 100,000-150,000 tons would be imported by the STC for direct consumer use.

The trade would import mostly refined oils, and its share is likely to be around 250,000 tons or slightly more.

By 1987, India's total annual vegetable oil imports are expected to be more than double the 1977/78 volume, and the gap between production and consumption has been projected by Shri C. V. Mariwala, president, Central Organization for Oil Industry and Trade, at 1.76 million tons in that year.

Per capita consumption by 1987 is projected at 6 kilograms, up by nearly 1 kilogram from the 1977/78 level.

Peanut oil's popularity in India is based on taste as well as price. To maximize the quantity of peanut cooking oil available to consumers, the Government prohibits refining peanut oil from domestic supplies, a move that keeps consumer prices low by eliminating refining costs and which frees refining capacity for imported oil.

Vanaspati production in India for 1978 is projected at 650,000 tons, compared with about 600,000 tons in 1977.

In 1977, 63 percent of total vegetable oil used in vanaspati manufacture was soybean oil, 15 percent cottonseed oil, 10 percent palm oil, 5 percent sesameseed oil, and 7 percent other vegetable oil.

Cottonseed, sesameseed, and palm oil percentages are specified by the Government. Other shares vary according to domestic availabilities and world prices.

In 1976/77, U.S. shipments of soybean oil to India exceeded 250,000 tons, making India the largest single cash buyer of U.S. soybean oil. Shipments of U.S. soybean oil to India during 1977/78 are forecast at about 200,000 tons.

India's vanaspati industry has a capacity of about 1.2 million tons annually, including about 250,000 tons for hydrogenated oil (as food) and 85,000 tons for nonfood use.

Refining capacity is not a limiting factor with regard to imports, but if imports of vegetable oil were to exceed 1 million tons, some logistical problems would emerge unless measures were taken to speed the movement of oil from ports to processing locations.

The Government regulates

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the type and quantity of oil used in vanaspati and the retail prices of the finished product. Although retail prices for liquid oil are not controlled by law, strong pressure is exerted on distributors to keep retail prices stable.

Substantial storage capacity for oil imports has been added by the STC in recent years, bringing its total to about 200,000 tons. Bombay has about 60,000 tons of Government storage capacity; Kandla, 50,000 tons; Madras, 15,000 tons; Vishakhaptanum, 15,000 tons; Calcutta, 40,000 tons; and elsewhere, 30,000 tons.

The wholesale trade has about 200,000 tons of storage capacity and the industry's 80 factories about 100,000 tons, bringing the country's total vegetable oil storage capacity to about 500,000 tons.

The All-India Cottonseed Crushers' Association estimates that 70 percent of the cottonseed output is crushed for oil and 20 percent is fed to cattle, leaving 10 percent for seed and waste. On average, India produces about 2 million tons of cottonseed annually.

Only about one-third of the seeds crushed in 1977 were processed in modern plants that use solvent extraction. The remainder were pressed, undecorticated, through expellers.

Expeller cottonseed oil is mainly used in the vanaspati industry. Only small quantities are refined for the liquid cooking oil market. Despite recommendations by the domestic trade, blending for direct liquid-oil consumption is not allowed in India.

Undecorticated cottonseed cake is mostly consumed domestically. Cattle owners prefer this high-oil-content meal to that produced from decorticated seed, although the latter is higher in digestible protein.

Solvent-extracted cottonseed meal from decorticated cottonseed has an oil content of less than 1 percent, compared with undecorticated expeller cottonseed cake's 7-8 percent oil content.

Total cottonseed cake and meal exports during calendar 1977 were around 186,000 tons, most of which were shipped to Eastern Europe, the Soviet Union, and the Netherlands.

While 1976 was a year of record exports of oilseeds and products, exports during calendar 1977 were disappointing—a result of higher domestic prices and Government restrictions on exports.

Exports of handpicked, selected (HPS) peanuts were restricted to 50,000 tons, and the trade's repeated pleas for a larger quota were turned down by the Government on the ground that such exports might result in speculation and thus drive up peanut oil prices.

The trade has argued that it would be more economical to export HPS peanuts and use the resulting foreign-exchange earnings to import edible oil or peanuts of crushing quality, rather than to crush HPS peanuts for oil.

However, the Government, which has a comfortable balance of foreign-currency reserves, is not hard pressed for the cash that would be generated by exports of HPS peanuts. The Government's concern is that such exports could trigger higher prices for peanut oil and other vegetable oils—a politically undesirable situation.

Exports of peanut oil and hydrogenated vegetable oils in 1977 were negligible. Exports of peanut meal during calendar 1977 also were small—about 780,000 tons—compared with about 1.25 million tons in 1976.

The Government on November 25, 1977, set an ad hoc quota of 250,000 tons of peanut meal for export, to be adjusted against the total quota to be announced for calendar 1978.

India's exports of oilseeds and their products during calendar 1978 are forecast to be still smaller than in 1977.

Exports of HPS peanuts have not been permitted by the Government so far this season.

Linseed oil exports are completely ruled out, and castor oil exports will depend on STC policy, with the possibility that the trade may be permitted to handle castor oil exports.

With this action, castor oil exports could go up to 50,000 tons from the 35,000 ton level forecast if castor oil exports remain under Government direction.

Through April, about 200,000 tons of peanut meal are reported to have been committed for export, and the trade is clamoring for an additional quota.

Expectations are that quotas totaling about 700,000-800,000 tons of peanut meal will be set.

The pattern of exports for other cakes and meal is expected to be about the same as last year's.

The problem revolves about exports of peanut meal, which is shipped in bulk. Foreign buyers generally are interested in chartered shipments, while shipments of other cake and meal are small.

When peanut meal moves, all other cake and meal move with it. Conversely, when peanut meal is restricted, exports of other cake and meal automatically are restricted.

Calendar 1977 was a year of high prices and record-high imports of edible oils. The large shortfall in production of oilseeds during 1976/77 aggravated an existing situation of accumulated shortages, and with the takeover by the new price-sensitive Government in 1977, edible oils were again in the spotlight.

In January 1977, the Government abolished import duties on peanuts, sunflowerseed, soybean seed, copra, rapeseed, palm kernels, and their oils. Exports of linseed and castor oils—as well as their forward trading—were banned in February.

However, these measures hardly helped the price situation because of the shortage of ready stocks, and prices for raw peanut oil in Bombay rose steadily to a high of about $1,080 per ton in February, compared with $818 on January 1.

In May, prices advanced still higher because of further contractions in stocks, and import licenses already issued were temporarily suspended as the Government tightened its rules to ensure that only bonafide importers participated in imports.

The Maharashtra State Government in May fixed a ceiling for trading in peanut oil in Bombay at $1,118 per ton, and persuaded dealers to sell 100 tons of refined edible oil to consumers every day for 4 months on a no-profit-no-loss basis at a fixed price equal to about $1 per kilogram.

The STC import program was intensified and the STC was nominated to play a bigger role by supplying oil to state governments for direct supply to consumers as well as meeting the needs of the vanaspati industry.

Prices for peanut oil during June and July were officially maintained at $1,118 per ton, while actual trading was between $1,176 and $1,294 per ton. Prices eased some during August as a result of satisfactory progress of the monsoon,

sizable imports of oil by the STC and the trade, and Government action against hoarding and profiteering.

Bank advances were further tightened, all restrictions on interstate movement of peanuts and peanut oil were removed effective in November, and the support price for peanuts in shell was increased from $170 per ton for the 1976/77 season to $188 per ton for 1977/78.

Since the supply position from indigenous sources cannot improve overnight, a continuation of the heavy import volume of 1977 is inevitable and must be maintained to keep prices in check and meet basic consumer demand.

The major items of India's oilseeds and products trade for fiscal 1978/79 (April-March) can be summarized as follows:

Exports of HPS peanuts, whenever permitted, will continue to be handled by the Indian Oil and Produce Exporters' Association, exports of peanut cake and meal through the Groundnut Extraction Development Association, exports of cottonseed cake through the All-India Cottonseed Crushers' Association, and exports of castor oil through the STC.

No new export quotas for HPS peanuts and peanut meal have been set. The 250,000-ton quota issued in December is now practically exhausted.

The present policy of allowing free imports of the permitted edible oils through the STC (to meet the vanaspati industry's requirements) and the trade (to meet direct-consumption requirements) continues.

Up to mid-March, India is believed to have purchased about 650,000 tons of oils and fats for import this season, of which the STC bought 450,000 tons, private importers 200,000 tons. A P.L.480 allocation of up to 60,000 tons remains to be purchased by July 31, 1978. □

International Sugar Council Establishes New Global Quota

Meeting for the second time under the International Sugar Agreement (ISA) of 1977, the International Sugar Council established a higher global quota at its May 17-18 session in London. Among a wide range of other topics, the Council adopted procedural rules for implementing the ISA, set up a working group to study accession of the European Community (EC), and considered a request for export quota relief from the Dominican Republic.

A new global sugar quota of 11,780,000 metric tons, raw value, was established after a review of the world market situation. Although this is about a half million tons greater than the level set at the initial January session, quotas already in effect still exceed the world quota by about 900,000 tons.

Another subject of keen interest was the possible extension of the ratification period beyond July 1, 1978. Approximately 50 nations have signed the new Agreement, but only about half of these have fully ratified it. The United States is a major participant, but has not yet ratified the ISA. (U.S. Senate approval of ratification and implementing legislation are required to enable the United States to limit imports from nonmembers and, effective July 1, to ensure that all sugar imports are covered by a certificate of contribution to the Stock Financing Fund.) Following a review, the Council decided to withhold action to extend the time period while urging members to work for immediate constitutional ratification.

The Council also adopted draft rules of procedure to govern the implementation of the Agreement. These rules cover administrative, statistical, and economic matters, with the latter including those related to the operation of the Stock Financing Fund. The drafting of the rules was done by a small group over a period of about 6 months—in contrast, the work of drafting the rules of procedure for the 1968 ISA covered a period of 2 years.

Also, a working group was established to provide a framework to deal with the issue of EC accession. A representative of the EC said that the Community of nine nations remained interested in joining the ISA, if acceptable terms of accession could be formulated.

A separate working group is to consider a request by the Dominican Republic for some form of export quota relief. The Dominican spokesman indicated that the quota assigned to his country was too low and would result in a burdensome buildup of stocks during the current year. The group also will review the situation of any exporting member that presents a similar petition. The group is to report its findings to the Council in November.

Held over from the January session was a review of reservations to the ISA made by members at the time of joining the Agreement. This review indicated that—except for the USSR—there were no reservations of an economic nature to the ISA. After further discussion, the Council determined that the Soviet reservation, vis-a-vis stocks, referred only to the amount held in stock and not the financing of the stocks.

In other action, the Council confirmed the appointment of William K. Miller, a career U.S. Foreign Service Officer, as the next Executive Director of the International Sugar Organization (ISO), headquartered in London. Miller, currently with the U.S. Embassy in London, will assume the ISO position on September 1, 1978, after retiring from the Foreign Service. He will be the first U.S. citizen to head an international commodity organization in recent years. He will succeed Ernest Jones-Parry, who will serve the ISO in an advisory capacity for several months following his retirement on August 31.

Also, the Council appointed Jose Breuil of Cuba to the newly created post of Stock Fund Manager. Breuil is presently the Cuban National Bank representative in Tokyo. □

World Food Price Advances Continue To Slow

World food prices are continuing to advance, but at a decelerating pace, continuing the trend of the past 2 years. Official food price indexes (FPI's) and consumer price indexes (CPI's) of 16 selected countries reflected market reductions in most rates of retail price increases during March 1977-March 1978.

Only five of the 15 countries surveyed still measure their rates of inflation in double digits. CPI's in the 11 other countries surveyed by the Foreign Agricultural Service reflected increases of less than 10 percent.

(See chart on opposite page for recent trends in the FPI's of the United Kingdom, Japan, Italy, France, the United States, the Netherlands, and West Germany.)

Retail food prices in the 16 countries increased moderately between February and March in 14 countries and declined slightly in two (Belgium and Sweden).

Onion prices dropped between May 1977 and May 1978 in 13 of the capitals surveyed—in Brussels, by a substantial 61 percent. Increases were posted in only two capitals—Buenos Aires and Brasília. In Brazil, the Government has authorized the importation of onions.

Potato prices during the same period dropped in 11 capitals and increased in four. In Copenhagen, potato prices rose 40 percent toward the end of the domestic marketing season and supplies from relatively distant suppliers—such as Morocco, Italy, and the Canary Islands—were imported to meet consumer demand.

Retail food prices in the 16 capitals on May 3 as reported by U.S. Agricultural Attachés generally reflected seasonal supply-demand patterns.

Between March 1 (the date of the previous FAS shopping survey) and May 3, sirloin steak prices increased in 11 of the 16 capitals. Substantial advances were noted in Canberra, Copenhagen, London, and Mexico City. Only Stockholm and Tokyo reported lower prices for this item. Steak prices were unchanged in Bonn, Paris, and The Hague.

About half the capitals in the survey reported lower margarine prices in May than in March. However, in The Hague, margarine prices were higher by the equivalent of 5 U.S. cents per kilogram because of higher raw materials prices. Paris and Canberra also reported higher margarine prices.

Bread prices rose in 10 capitals during the 2-month period. Higher prices in London were attributed to the closing of a large bakery firm. In Copenhagen, higher bakery labor and materials costs were related to a 4

Food Price Index Changes in Selected Countries [1]

Country	Latest month	Index 1970=100	Percent change from Prev. month	Three months	One year
Argentina	March	35,133.9	+9.5	+27.7	+151.7
Australia	February	206.9	+ .5	+ .6	+ 10.5
Belgium	March	175.9	− .2	+ .6	+ 3.8
Brazil	March	734.3	+2.2	+ 9.6	+ 35.3
Canada	March	199.2	+1.4	+ 2.9	+ 14.0
Denmark	March	217.0	+ .6	+ 1.5	+ 11.4
France	March	209.3	+ .8	+ 2.2	+ 10.9
Germany	March	145.4	+ .2	+ 1.4	+ 2.0
Italy	March	261.3	+1.0	+ 2.7	+ 13.1
Japan	March	215.3	+1.5	+ 3.8	+ 3.4
Mexico	March	295.2	+1.3	+ 3.1	+ 16.0
Netherlands	March	162.1	+ .2	− .3	+ 1.0
South Africa	March	222.1	+ .5	+ 3.5	+ 11.4
Sweden	March	211.3	− .2	+ 4.3	+ 15.0
United Kingdom	March	306.7	+ .6	+ 1.9	+ 6.4
United States	March	177.2	+1.1	+ 3.7	+ 8.0

[1] Based on official price indexes.

Consumer Price Index Changes in Selected Countries [1]

Country	Latest month	Index 1970=100	Percent change from Prev. month	Three months	One year
Argentina	March	35,471.9	+9.5	+31.8	+172.9
Australia	December	219.0	--	+ 2.3	+ 9.2
Belgium	March	181.1	+ .2	+ 1.1	+ 5.7
Brazil	March	669.4	+2.7	+ 8.7	+ 37.7
Canada	March	175.7	+1.1	+ 2.2	+ 8.8
Denmark	March	203.6	+ .6	+ 1.5	+ 12.2
France	March	193.4	+ .9	+ 2.1	+ 9.2
Germany	March	149.7	+ .3	+ 1.5	+ 3.1
Italy	March	258.5	+1.3	+ 3.2	+ 12.5
Japan	March	209.0	+ .9	+ 1.8	+ 4.3
Mexico	March	296.7	+1.1	+ 4.5	+ 17.5
Netherlands	March	179.9	+ .7	+ 1.0	+ 4.6
South Africa	March	207.4	+ .5	+ 2.4	+ 9.9
Sweden	March	195.8	+ .3	+ 3.6	+ 13.0
United Kingdom	March	262.4	+ .7	+ 1.8	+ 9.1
United States	March	163.2	+ .8	+ 2.0	+ 6.5

[1] Based on official price indexes.

By Sidonia R. DiCostanzo, Foreign Agricultural Service.

percent rise in the price of rye bread—an important item in the Danish consumer market basket.

Retail beef prices in Brussels remained at high levels in early May, with sirloin steak up 0.6 percent to a new high.

Prices for chuck and other beef cuts there declined by 0.1 percent.

Rome's beef prices, which had been steady for many months, recently have been increasing, reflecting higher wholesale and live-cattle producer costs.

London's red-meat prices advanced between March and May—a normal trend at this time of year and a reflection of the increasing shortage of animals suitable for slaughter since the reduction of livestock numbers last year.

Meat prices in Mexico City rose sharply during the 2-month period, largely because of a reduction in local slaughter operations.

Prices for pork and pork products in Brussels declined 5 percent from early March's high level, and the downtrend is expected to continue in the months immediately ahead.

Broiler prices in Bonn continued their downward trend, reflecting expanded production and a sharp decline in exports from European Community (EC) countries during recent months.

In Mexico City, special sales promotions for broilers resulted in lower prices. However, there were no changes in the Government-controlled prices for eggs, milk, and sugar.

Broiler prices in Rome were lower in May than in March, chiefly because of a

Annual Percentage Changes in Retail Food Prices, by Commodity, in Selected World Capitals, May 1977-

City	Steak, sirloin, boneless	Roast, chuck, boneless	Pork chops	Roast, pork, boneless	Ham, canned	Bacon, sliced, pkgd.	Broilers, whole	Eggs, dozen	Butter	Margarine	Cheese: Edam, Gouda, or Cheddar	Milk, whole, liter	Oil, cooking, liter	Tomatoes	Onions, Yellow	Potatoes
Bonn	+30	+ 8	−15	+ 8	(2)	+18	− 1	+16	+13	+ 9	+10	+14	+79	+29	− 2	−43
Brasilia	+22	+23	+16	+24	+22	− 1	+ 2	+12	− 9	−20	+13	+ 8	+ 3	+48	+132	+36
Brussels	+20	+17	+27	+19	+ 6	+25	+12	+ 2	+14	+11	+16	+19	+27	+68	−61	−52
Buenos Aires	−11	+ 2	+18	(2)	(2)	+41	− 2	−15	+22	+26	+33	+25	+ 1	−24	+35	+33
Canberra	+26	− 4	+43	+14	−18	+20	+11	+ 8	+ 5	+ 3	+33	+13	− 6	+ 2	− 4	+17
Copenhagen	+24	+15	+29	+28	−11	+42	+15	+32	− 8	+ 6	+57	+13	+19	− 6	−36	+40
London	+41	+24	+31	+30	+12	+31	− 3	+29	+18	+25	+17	+26	−51	+40	−33	−12
Mexico City	+18	+14	+38	+29	(2)	+ 7	+14	+36	+21	+ 7	+14	+16	+33	+69	−60	− 5
Ottawa	+24	+29	+15	+37	0	+ 7	− 1	− 9	0	+ 8	− 2	−14	−20	+ 5	−55	−50
Paris	+18	+21	(2)	+17	+31	+16	+ 3	+ 9	+ 7	+ 9	+26	+16	+12	+31	−15	−59
Rome	+28	+38	+10	+10	+ 6	+13	− 1	+48	+ 6	+ 2	− 4	+ 2	−10	+ 9	−42	−43
Stockholm	+22	0	+ 5	− 1	+ 5	+10	+ 3	− 6	− 1	− 1	+ 1	+17	− 2	+82	−28	− 4
The Hague	+17	+10	+24	+22	+10	+15	+12	− 7	+10	+ 8	+26	+12	+29	+123	−52	−30
Tokyo	+13	+ 4	+26	+23	− 3	−17	− 6	− 9	+ 3	−22	−33	− 6	− 3	−36	−48	0
Washington	+25	+42	− 1	+69	+14	+22	+14	+ 6	+ 8	− 1	− 3	+ 6	+24	+32	−17	−17

[1] From viewpoint of consumer whose income is in dollars, thus reflecting both changes in local currency prices and exchange rates. [2] Not available. Source: U.S. Agricu

FAS Survey of Retail Food Prices in Selected World Capitals, May 3, 1978

[U.S. dollars per kg [1] or units as indicated, converted at current exchange rates]

City	Steak, sirloin, boneless	Roast, chuck, boneless	Pork chops	Roast, pork, boneless	Ham, canned	Bacon, sliced, pkgd.	Broilers, whole	Eggs, dozen	Butter	Margarine	Cheese: Edam, Gouda, or Cheddar	Milk, whole, liter	Oil, cooking, liter	Tomatoes	Onions, Yellow	Potatoes
Bonn	12.43	7.08	4.56	10.55	(2)	8.29	2.10	1.29	3.92	1.87	4.96	0.49	3.13	1.96	0.95	0.16
Brasilia	2.02	1.76	2.90	5.68	5.92	6.24	1.26	.83	2.57	1.03	4.20	.28	1.11	.86	.95	.49
Brussels	11.22	6.03	5.26	5.32	7.54	4.61	2.72	1.33	4.58	1.98	5.50	.56	1.76	3.80	.28	.15
Buenos Aires	1.17	.67	1.70	(2)	(2)	3.80	1.03	.89	3.01	2.01	3.93	.25	1.44	.64	.31	.24
Canberra	4.58	2.22	4.53	3.96	5.63	5.39	2.24	1.10	2.13	1.77	4.13	.45	1.66	.97	.44	.41
Copenhagen	14.08	5.97	7.73	8.08	6.34	8.03	2.53	1.85	3.52	1.83	6.16	.52	2.29	2.81	.96	.81
London	8.53	4.14	4.06	3.45	3.74	4.95	1.58	1.15	2.19	1.66	2.84	.39	1.49	2.44	.41	.30
Mexico City	2.60	2.51	2.60	3.30	(2)	2.55	1.58	.71	3.08	1.47	6.59	.29	1.10	.44	.14	.41
Ottawa	5.43	3.05	4.59	3.99	5.16	3.59	1.82	.82	2.64	2.25	3.69	.54	1.49	1.74	.33	.17
Paris	8.11	4.60	5.75	5.62	8.17	9.40	2.73	1.34	3.86	1.52	4.18	.44	1.36	2.49	.85	.12
Pretoria	3.70	2.80	2.68	3.49	4.14	3.30	1.00	.68	1.76	1.39	1.94	.35	1.31	.75	.39	.35
Rome	8.65	7.49	4.61	4.61	5.17	4.59	2.06	1.41	3.97	1.67	3.70	.45	.90	1.73	.46	.29
Stockholm	12.32	7.38	6.01	10.09	7.42	7.19	3.44	1.68	3.14	2.31	5.15	.42	4.65	4.23	1.13	.51
The Hague	10.77	6.30	5.85	6.98	5.81	8.43	2.14	1.08	3.95	1.41	5.18	.46	1.42	1.78	.31	.14
Tokyo	35.09	21.18	9.31	11.08	13.05	8.24	3.44	1.01	6.41	3.33	4.60	.89	2.18	1.83	.66	1.21
Washington	4.81	3.64	3.90	6.26	5.95	4.34	1.28	.73	3.40	1.61	5.20	.54	2.38	2.01	.73	.53
Median	8.32	4.37	4.58	5.62	5.92	5.17	2.08	1.09	3.27	1.72	4.40	.45	1.49	1.81	.45	.33

[1] 1 kilogram=2.2046 pounds; 1 liter=1.0567 quarts. [2] Not available. Source: U.S. Agricultural Attachés.

weak market situation at the farm level.

Retail ham prices have been steady in The Hague since November 1976 and in London since November 1977.

Milk prices were up by the equivalent of 3 U.S. cents per liter in Brasília, where the price is Government-controlled.

In London, higher milk production and declining sales of fluid milk have brought about higher butter output and a slight decline in retail butter prices.

A new dairy policy announced by the Canadian Government on April 13 triggered an increase in the price of fluid milk by the equivalent of 3 U.S. cents per liter. Cheese prices, which have been steady in Ottawa since July 1977, continued unchanged. □

Data Qualifications

Food price indexes, which reflect food price changes in general, are obtained from official government sources. They are based on local-currency prices, and are not directly affected by exchange rate fluctuations.

Food prices of selected commodities are obtained by U.S. Agricultural Attachés on the first Wednesday of every other month. Local currency prices are converted to U.S. prices on the basis of exchange rates on the date of the compilation. Thus, shifts in exchange rate directly affect comparisons.

The objective of the survey is to reflect the level of prices in other countries of items normally purchased by U.S. consumers. Exact comparisons are not always possible, since quality and availability vary greatly among countries. An attempt is made to maintain consistency in the items and outlets sampled, but they are not necessarily representative of those in the reporting countries.

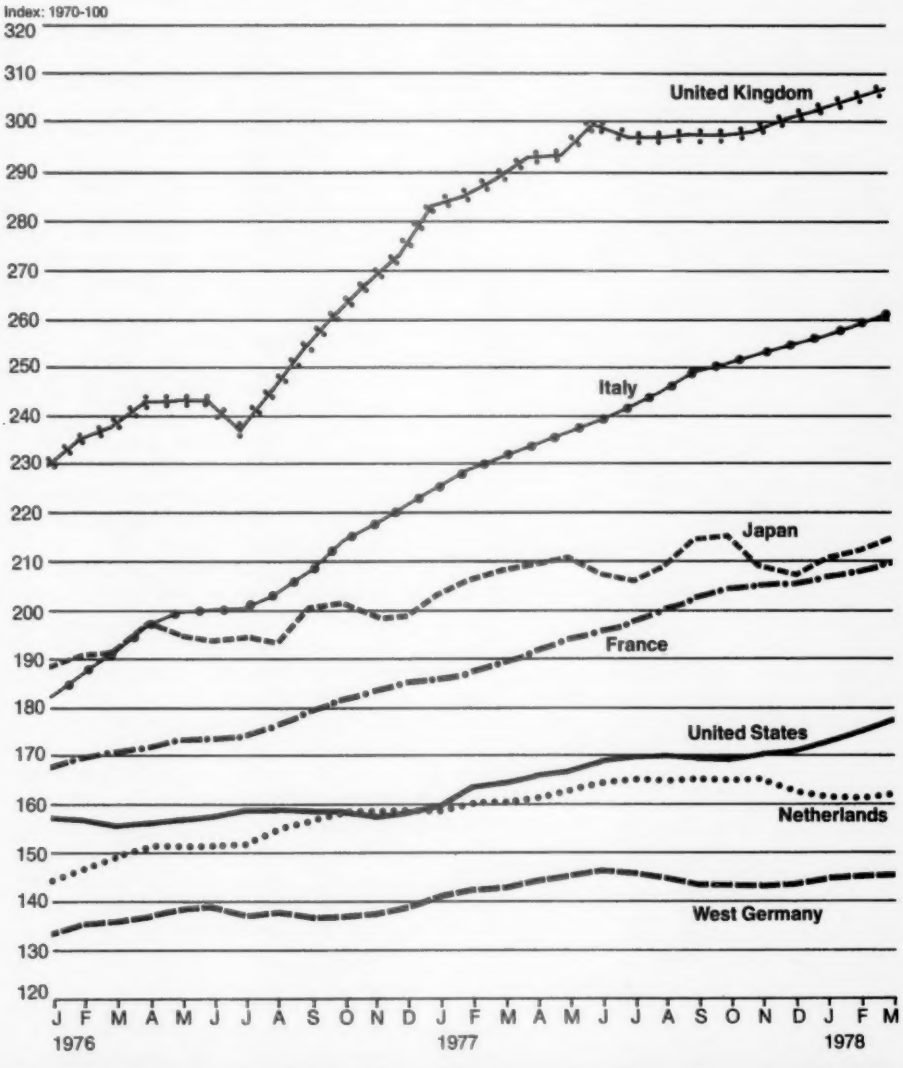
977-May 1978 [1]

toes	Apples	Oranges, dozen	Bread, white, pkgd.	Rice	Sugar
43	+43	+13	+13	+14	+ 1
36	+65	−23	+51	+ 4	+13
52	+65	−16	+19	+16	+21
33	+31	+64	+ 2	+ 1	+ 8
17	+11	+53	+ 4	+16	+ 9
40	−36	−24	+49	+30	+18
12	+43	+45	+35	− 2	+ 9
5	+98	+117	+19	0	− 4
50	+31	− 7	+ 3	+19	−19
59	+22	+79	+15	−30	+17
43	+104	+104	−11	+ 6	+10
4	+71	+13	0	+20	+ 1
30	+36	+29	+63	+20	+14
0	−28	−41	+ 2	+ 9	− 3
17	+47	+39	+13	+31	+21

Agricultural Attachés.

atoes	Apples	Oranges, dozen	Bread, white, pkgd.	Rice	Sugar
.16	1.16	2.03	0.76	1.60	0.69
.49	1.52	.49	1.27	.48	.36
.15	1.24	1.42	.94	1.11	.99
.24	.51	.92	.46	.72	.52
.41	.49	2.04	.86	.80	.38
.81	.96	2.10	1.86	1.50	1.50
.30	1.14	1.65	.65	.85	.50
.41	1.23	.39	.51	.51	.26
.17	1.35	1.32	.76	1.27	.43
.12	1.13	2.01	1.93	1.21	.61
.35	.61	.85	.31	.91	.39
.29	.92	1.92	.79	1.21	.69
.51	1.91	2.49	1.89	1.49	.82
.14	.83	1.46	.85	1.03	.75
1.21	1.88	7.05	1.38	1.33	1.05
.53	1.37	2.55	1.17	.93	.64
.33	1.15	1.79	.86	1.07	.63

Trends in Food Price Indexes, Selected Countries



Morocco Is Boosting Citrus Output, Exports

By Roy E. McDonald and Anton J. Bongers

In the final segment of its series on citrus production in the Mediterranean area and South Africa, *Foreign Agriculture* examines the Moroccan citrus industry—how the packing and processing industry operates, what are the major problems and goals of the industry, and who are Morocco's largest citrus customers.

Like several other Mediterranean citrus producers, Morocco is attempting to boost its exports of citrus through improvements in marketing and fruit production.

Dr. McDonald is a research horticulturist, and Mr. Bongers is an agricultural research specialist, Science and Education Administration, European Marketing Research Center, Rotterdam. Additional material contributed by Jerome M. Kuhl, U.S. Agricultural Attaché, Rabat; and the Fruit and Vegetable Division, Foreign Commodity Analysis, FAS.

Morocco's export and sale of fresh citrus is controlled by a monopoly, Office de Commercialisation et d'Exportation (O.C.E.), which maintains links between the producer and the export markets by concentrating on production, packaging, preservation, quality control, and transportation.

Morocco has some 90 packinghouses, exporting in recent years an average of 530,000 metric tons of fresh citrus during the October-July season.

Typically, Moroccan citrus is harvested into plastic containers of about 23-24 kilograms each, stacked on pallets, and trucked to the packinghouse. There, the fruit is unloaded and roughly graded by hand to remove rotten fruit. The fruit is then sized to remove the small juice-type fruit, washed with a soap solution, waxed with incorporated fungicide, dried, and resized.

(At the beginning of the season, fruit also is usually degreened—a process usually unnecessary after December 1.) Finally the fruit is packed either in wirebound crates (80 percent of exports) or fiberboard cartons (20 percent).

The use of wirebound crates is more prevalent for a variety of reasons: Handling is often careless, hence a crate will protect the fruit better than a fiberboard carton; the high humidity in Morocco (80-90 percent) and in transit weakens the fiberboard much more than a crate; and the cost of a crate is equal to or slightly less than a fiberboard carton.

All fruit destined for Western Europe is palletized, with a small portion—that destined for Le Havre, France—shipped in 10-ton flats. Only fruit targeted for the USSR is break-bulk stowed.

About 60 percent of Morocco's fresh citrus is exported through the port of Casablanca, with the remainder shipped through Tangier and Agadir.

At each of these ports, O.C.E. performs a quality-control inspection. From each lot to be exported, six packages are withdrawn from the first 100, then one package out of each subsequent 100. Packages are examined for:

- Count accuracy;
- Freshness;
- Sugar/acid ratio at the beginning of the season;
- Sizing accuracy;
- Absence or surplus of wax; and
- Absence or retention of button.

Based on the results of the inspection, a determination is made whether to ship the fruit with refrigeration or ventilation.

Based on the inspection, payment is made to the producer and to the packinghouse. Calibers 5, 6, and 7 are the most marketable sizes, and the producer is paid accordingly. The larger sizes are shipped primarily to West Germany, the medium-size fruit to France, and the smaller sizes to the Netherlands. All sizes are shipped to the USSR.

If fruit quality is good, but is rejected for export for reasons that are the fault of the packinghouse, the producer is still paid for export-quality fruit, but the packinghouse is not paid. Rejected fruit is either juiced or sold on the domestic market.

A producer receives an advance payment for his fruit—based on his crop estimate—prior to the season in September. A second payment is made when the fruit is marketed, and a final accounting is made at the end of the season—June.

Morocco's 1977/78 citrus production is forecast to rise more than 12 percent over that of last year, and exports should be in keeping with the new crop, which was rated excellent.

The Citrus Grower Association (ASPAM) in Morocco has tentatively placed total citrus output this season at 881,000 tons, compared with 786,000 tons in 1976/77. However, this is still well below the banner crop of 1972/73 of 1.013 million tons.

Most of the 1977/78 gain will be in orange production: Navels (up 25 percent to 201,000 tons), mid-seasons (up 21 percent to

Left, picking citrus in Morocco. Usually, Moroccan citrus is harvested into plastic containers, stacked on pallets, and trucked to the packinghouse. Right, handpacking citrus into wooden crates.

111,000 tons), and late varieties (up 11 percent to 360,000 tons). Clementine output is expected to hold steady at last season's surprisingly good crop of 193,000 tons.

The bulk of the 1977/78 crop should come from Morocco's Gharb Valley, which —except for last season— produces 40-45 percent of the total crop. Last season, however, extensive flooding followed by drought caused heavy losses (estimated at $4.77 million) in the Gharb Valley.

Uprooting of less exportable varieties of citrus has cut total planted area to 66,000 hectares, compared with 74,000 hectares of a few years ago. Except in new areas planted to clementines during the past 10 years, most of the trees are 30-35 years old.

In the Souss Valley, citrus trees are generally younger, tending to increase the relative share of the Souss citrus in total production. Moreover, in the sunnier Souss Valley, farmers are likely to grow earlier variety citrus and export it sooner than farmers in the Gharb Valley.

A new production and export program currently being developed has a goal of exporting some 850,000 tons of citrus from Morocco by 1985. Under this program, 20,000 additional hectares of exportable varieties of citrus are to be planted, with growers assisted by a 10-year credit covering 80 percent of the planting costs (at an interest rate of 6 percent).

Fresh exports traditionally have accounted for 70-80 percent of total citrus production, although quantities have fallen since 1972/73 when output was much higher. Currently, the 1977/78 export season could be the best since the early 1970's. The large orange crop, coupled with the short deciduous crop in Europe, make export prospects for oranges particularly bright.

Several years ago, Morocco embarked on a quality-fruit export program aimed at expanding citrus sales to Europe. Under the program, certain varieties have been banned from export, while incentives have been offered to encourage planting of preferred varieties.

Although weather is an important factor, the export-oriented program is apparently beginning to pay off; Morocco's citrus exports in 1976/77 were up 26.4 percent over year-earlier levels to 594,000 tons. Roughly 57 percent of this amount was exported to Western Europe and 34 percent to Eastern Europe and the USSR.

Morocco's primary West European market is the European Community (EC), with France (146,000 tons) and West Germany (100,000 tons) taking the largest amounts in 1976/77.

The USSR accounted for some 177,000 tons in 1976/77. The large quantity of citrus exported to the USSR is part of a bilateral trade agreement with the Soviets that in recent years has included about 200,000 tons of citrus. The USSR is not as demanding of fruit quality as the EC and will import varieties that are difficult to market elsewhere.

With priority apparently being given to fresh citrus exports, quantities destined for processors and the domestic fresh market have varied considerably.

In 1976/77, estimated processor use declined to 106,400 tons, of which 91,200 tons were oranges, 11,000 tons were grapefruit, and 4,200 tons were Clementines.

Processing in 1976/77 included 12,700 tons of single-strength juice, most of which was exported, and 5,100 tons of concentrate. Morocco's total annual processing capacity is 182,000 tons, of which less than two-thirds is utilized. □

October-March Export Value Dips Marginally To $12.6 Billion

By Sally Breedlove Byrne

Agricultural exports from the United States totaled $12.6 billion during October 1977-March 1978, marginally below the $12.7 billion recorded a year earlier. Export tonnage rose 4 percent, but unit values averaged lower.

Despite the slight October-March drop, U.S. exports for the entire fiscal year will be up about 6 percent over those of the previous year.

Most of the volume increase is because of expanded shipments of wheat, soybeans, and oilseed products.

Feedgrain, rice, and tobacco exports declined in volume during October-March.

Export unit values for most major products were below year-earlier levels. Wheat and feedgrain unit values fell 12 percent to $115 and $98 a ton, respectively. The soybean export unit value dropped 14 percent to $224 a ton. The cotton unit value declined from $355 to $301 a bale.

October-March U.S. agricultural imports rose 6 percent in value to $6.8 billion. Much of the increase was attributable to higher prices. Volume increases were recorded for several commodities, including meats, tobacco, wines, malt liquors, and many fruits and vegetables.

Coffee imports declined 21 percent in volume. For imports of cocoa, rubber, and spices, higher prices offset reduced volumes.

The U.S. agricultural trade surplus was $5.8 billion during the first 6 months of fiscal 1978, down from a $6.25 billion surplus a year earlier. The total U.S. trade deficit widened to $17.6 billion for the 6-month period.

For the entire fiscal year, U.S. agricultural exports are expected to reach $25.5 billion, up from a record $24 billion in fiscal 1977. Export volume is expected to expand more than a tenth, but export unit values may average about 5 percent below a year earlier.

U.S. soybean exports are forecast at a record 17.7 million tons in fiscal 1978, 17 percent above fiscal 1977. Oilmeal and vegetable oil exports are expected to increase about a fifth in volume.

Fiscal 1978 U.S. cotton exports may reach 5.6 million bales.

U.S. wheat exports are estimated at 31.3 million tons, up 6.6 million from those of fiscal 1977. Larger shipments are underway to most regions of the world following the 8 percent drop in 1977/78 world wheat production.

Fiscal 1978 feedgrain exports are expected to increase marginally in volume to about 51.3 million tons. Larger shipments to the USSR will about offset the reduction in shipments to Western Europe.

A 14-percent volume drop is anticipated for fiscal 1978 exports of unmanufactured tobacco. Declines are expected to most regions.

Higher prices should push the value of U.S. livestock product exports up slightly to $2.25 billion. A 12-percent value increase is expected for U.S. exports of poultry products.

October-March agricultural exports to the developed countries were down 9 percent in value to $7.6 billion. The decline was due largely to lower unit values for major items and to the recovery in Western Europe from the 1976 drought.

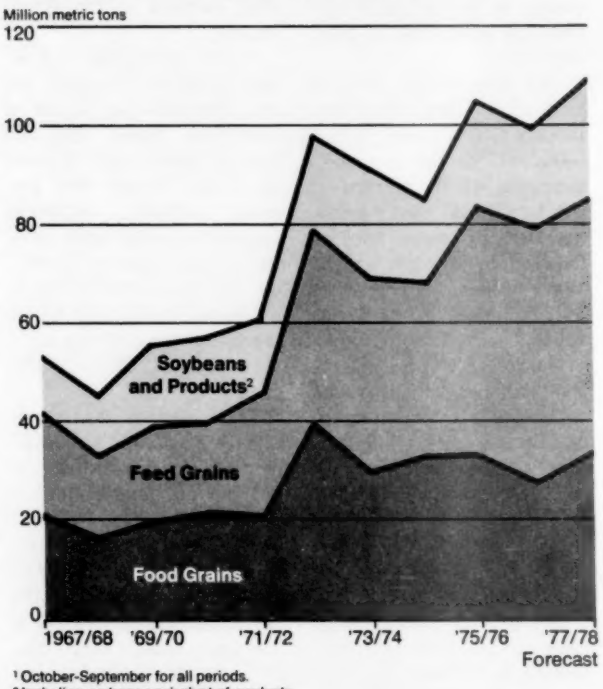
U.S. farm exports to the developing countries rose 16 percent to $3.8 billion. The greatest growth occurred in shipments to Latin America, Africa, and Southeast and East Asia.

Exports to the USSR were valued at $725 million during October-March. Shipments included 4.48 million tons of feedgrains and 1.81 million tons of wheat. U.S. agricultural exports to the People's Republic of China (PRC) were valued at $118 million and included cotton, soybeans, and soybean oil.

U.S. **wheat** exports rose 27 percent in volume during October-March. Shipments to Latin America were double the year-earlier volume.

Total U.S. wheat shipments to Morocco, Algeria, Libya, and Tunisia rose from 229,000 to 830,000 tons. Shipments to Western Europe rose 85 percent. Declines were recorded for exports to Japan, South Korea, and Iran.

U. S. Agricultural Exports[1] 1967/68-1977/78



[1] October-September for all periods.
[2] Including soybean equivalent of products.

The author is an economist in the Foreign Demand and Competition Division; Economics, Statistics, and Cooperatives Service.

U.S. **feedgrain** exports in October-March were 10 percent below those of a year earlier. Expanded shipments to the USSR and many other markets were unable to offset the 6.5-million-ton drop-off in shipments to the European Community (EC). Shipments to the EC have been extremely heavy during October 1976-March 1977 because of drought the preceding summer.

U.S. **cotton** exports increased 20 percent in volume during October-March. Shipments of 242,000 bales to the PRC accounted for much of the increase. Shipments to Southeast and East Asia (excluding Japan and the PRC) were up 41 percent to 1.3 million bales. U.S. cotton exports to Japan declined 7 percent.

U.S. **tobacco** exports dropped slightly in volume during the first 6 months of fiscal 1978. Shipments to Japan were up 11 percent.

Shipments to the United Kingdom rose 10 percent and shipments to Italy, 8 percent. Exports to West Germany dropped 17 percent. U.S. tobacco exports to the developing countries fell by 11 percent in volume.

A 12-percent volume increase was recorded for U.S. **soybean** exports. Shipments rose 21 percent to Japan and 18 percent to Spain. Exports to the EC dropped 34 percent in volume.

Exports of **oilcake and meal** rose 16 percent in volume, with increases to Italy, West Germany, Eastern Europe, and many other areas. **Vegetable oil** exports rose 35 percent in volume.

U.S. exports of animals and animal products increased 3 percent in value during October-March. Volume increases were recorded for several products, including beef, nonfat dry milk, and poultry meat. Volume declines were recorded for pork, variety meats, whole cattle hides, and animal fats. □

U.S. Agricultural Exports: Volume by Commodity, October-March 1974/75-1977/78

Commodity	1974/75	1975/76	1976/77	1977/78	1977/78-1976/77
	1,000 MT	1,000 MT	1,000 MT	1,000 MT	Percent
Wheat and products	14,651	16,083	10,689	13,560	+27
Feedgrains and products	19,875	25,520	27,307	24,661	–10
Rice	1,266	845	1,042	962	– 8
Soybeans	7,034	8,983	9,617	10,776	+12
Oilmeal	2,213	2,356	2,501	2,906	+16
Vegetable oils	640	453	609	821	+35
Cotton, excluding linters	428	312	515	617	+20
Tobacco	168	176	168	159	– 5
Total	48,385	54,728	52,448	54,462	+ 4

U.S. Agricultural Exports: Value by Commodity, October-March 1974/75-1977/78

Commodity	1974/75	1975/76	1976/77	1977/78	1977/78-1976/77
	Mil. Dol.	Mil. Dol.	Mil. Dol.	Mil. Dol.	Percent
Animals and animal products:					
Dairy products	53	41	70	71	+ 1
Fats, oils, and greases	250	193	262	265	+ 1
Hides and skins, excl. furskins	225	307	285	274	– 4
Meats and meat products	170	290	298	318	+ 7
Poultry and poultry products	61	104	140	164	+17
Other	103	105	260	268	+ 3
Total animals & products	862	1,040	1,315	1,360	+ 3
Grains and preparations:					
Feedgrains and products	2,920	3,074	3,040	2,422	–20
Rice	558	284	312	352	+13
Wheat and major products	2,769	2,558	1,433	1,590	+11
Other	65	70	73	72	– 1
Total grains & preparations	6,312	5,986	4,858	4,436	– 9
Oilseeds and products:					
Cottonseed and soybean oil	423	165	271	342	+26
Soybeans	1,982	1,771	2,495	2,412	– 3
Protein meal	390	391	515	565	+10
Other	286	252	268	418	+56
Total oilseeds & products	3,081	2,579	3,549	3,737	+ 5
Other products & preparations:					
Cotton, excluding linters	531	367	802	813	+ 1
Tobacco, unmanufactured	548	600	613	656	+ 7
Fruits and preparations	303	343	368	449	+22
Nuts and preparations	104	113	134	174	+30
Vegetables and preparations	311	291	383	291	–24
Feed and fodders	147	170	306	265	–13
Other	271	310	362	450	+24
Total products & preparations	2,217	2,194	2,968	3,098	+ 4
Total	12,474	11,799	12,690	12,631	--

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Dale E. Hathaway, Assistant Secretary for International Affairs and Commodity Programs.

Thomas R. Hughes, Administrator, Foreign Agricultural Service.

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EC Sets 1978/79 Farm Prices

The European Community's Council of Agriculture has approved a package of largely higher prices and a series of agri-monetary measures for the 1978/79 year.

The average increase—in terms of units of account—in EC farm prices is about 2.5 percent, the smallest ever approved by the Council for farm producers in the nine-member Community. The EC Commission had proposed a rise of about 2 percent.

Price and agri-monetary measures were considered together with a package of proposals for restructuring the EC's Mediterranean region.

These recommendations complicated a required unanimous vote of approval for the Council's farm package, and Italy delayed its approval because of the Council's postponement of funds for improvements in Italy's forestry sector and agricultural advisory services.

Reform of the EC's system of monetary compensatory amounts (MCA's)—taxes or subsidies applied to trade among member countries and with third countries—was a major stumbling block in earlier attempts for agreement on an overall price package.

Unable to reach agreement on an automatic yearly reduction in MCA's, the Council essentially agreed to ad hoc changes in green rates for the 1978/79 marketing year.

The Council agreed to reduce the level of MCA's applying to pork trade, and a special green rate was approved for France's pork.

Taking into account changes in green currency rates made recently as well as those made earlier this year, the common farm price increase of about 2.5 percent translates into national currency price increases of about 2.2 percent for West Germany, 2.5 percent for Denmark and the Benelux countries, 10.2 percent for France, 14.5 percent for Italy, 10.6 percent for the United Kingdom, and 8.9 percent for Ireland.

A Community-wide tabulation of farm price rises in national currencies averages nearly 7 percent.

A summary of price increases for principal commodity groups follows:

Grains. The common price increase approved for grains averaged less than 2 percent in units of account (u.a.).[1] The intervention price for corn will rise 3 percent; that for wheat and barley 1.26 percent.

These changes are intended to close the gap between intervention (support) prices for feed wheat, corn, and barley, arriving eventually at a single feedgrain support price of 121.57 u.a. per metric ton.

The target price per ton for common wheat for the 1978/79 marketing season that starts August 1 will be pegged at 162.39 u.a. and for corn at 147.23 u.a.

Target and intervention prices for Durum wheat will be unchanged from the 1977/78 season's starting level of 224.27 u.a. and 203.01 u.a., respectively.

The special subsidy for Durum producers in Italy will be increased from the 1977 level of 60 u.a. per hectare to 63 u.a. per hectare in 1978.

Dairy. The target price increase for milk will be held to about 2 percent, with intervention prices for butter and nonfat dry milk (NFDM) increasing with the rise in the milk target price.

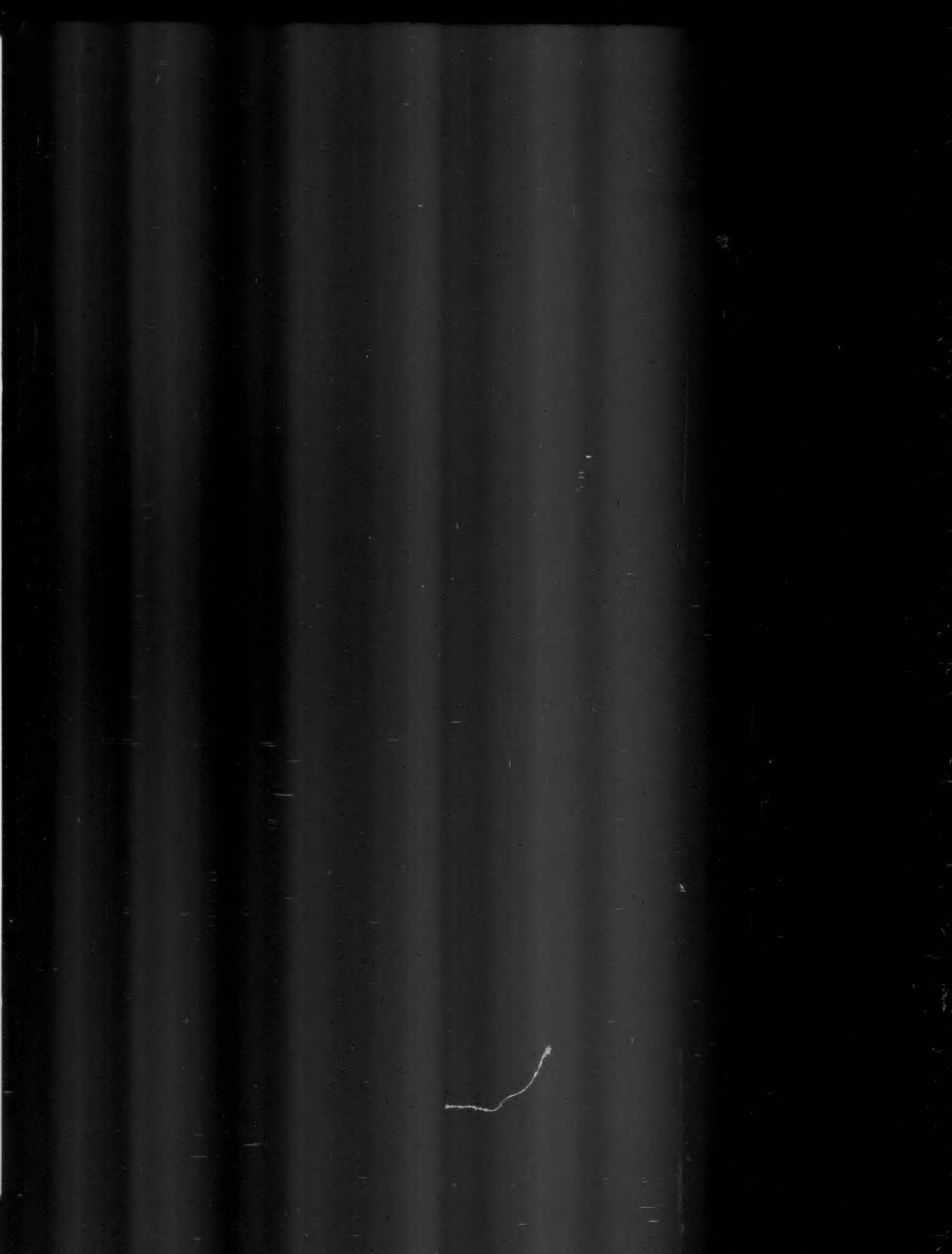
The Council did not approve the Commission's proposal to suspend intervention purchases of NFDM, but did approve a reduction in the corresponsibility tax (marketing fee) on milk from 1.5 percent to 0.5 percent of the milk target price.

A number of subsidy programs to encourage EC consumption of butter and the extension of the premium system for withholding milk production from the market and for converting herds from dairy to beef also were approved.

Beef. A partial suspension of the beef intervention system was approved. Payment of variable premiums for cattle slaughter and the premium for calf births will be maintained for the 1978/79 marketing year.

Other commodities. Largely in response to pressures from France to develop sources of supply for vegetable proteins, the Council approved a revised program to encourage production of field (feed) peas and beans. It also approved new or revised programs for dehydrated forage, olive oil, wine, sugar, and fruits and vegetables.

The Council asked the EC Commission to accelerate an examination of the effects of feedgrain substitutes—particularly manioc—and to examine the possibility of applying a countervailing duty to oilseed meal. □

By John Dunmore; Foreign Demand and Competition Division: Economics, Statistics, and Cooperatives Service.

[1] **In recent weeks, 1 u.a. has equaled about $1.55.**